GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:836
ANSWERED ON:21.07.2016
Reform in Power Sector
Tumane Shri Krupal Balaji

Will the Minister of POWER be pleased to state:

(a) whether the Government proposes to reform the power sector to attract the participation of private sector, if so, the details thereof;

(b) whether the Government proposes to take measures to privatise distribution of power and to reduce the transmission and distribution losses; and

(c) if so, the details thereof and the details of the outline of the action plan prepared for this purpose?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR POWER,
COAL, NEW & RENEWABLE ENERGY AND MINES

(SHRI PIYUSH GOYAL)

(a) to (c) : The enactment of Electricity Act, 2003 along with the policies and regulations made thereunder have brought in comprehensive reform in the electricity sector with the overall objective of extending its benefits to the end consumers and balanced growth of the sector. Electricity, being a concurrent subject, the provisions of the Act are applicable to the Central and State Governments as well as to the different statutory bodies and entities defined under the Act. The Electricity Act, 2003 and policies made thereunder provide for the framework of reforms in power sector.

One of the hallmarks of the Electricity Act, 2003 is promotion of competition for the benefit to the end consumer which means that a large number of buyers and sellers operate in the market which implies that promotion of private sector is inherent. Today, about 41% of generation capacity is private and private sector investments are also flowing in the transmission sector.

Distribution of electricity, however, is a State subject and any decision to Privatize distribution has to be taken by the States only. To achieve the objectives of efficiency and for giving choice to consumers through competition in different segments of electricity market, Government, through the proposed Electricity (Amendment) Bill, 2014 has suggested the concept of multiple supply licensees by segregating the carriage from content in the distribution sector and determination of tariff based on market principles, while continuing with the carriage (distribution network) as a regulated activity. To protect the interest of consumers, the tariff for retail sale of electricity is proposed to be capped through the Regulator and one of the supply licensees is proposed to be a Government controlled company.

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